

The motion was filed, set, and served under Local Bankr. R.

1 9014-1(f)(2). It was initially before the court on November 23,
2 2021, at which time the court ordered a briefing schedule
3 pursuant to Local Bankr. R. 9014-1(f)(2)(C) at NPC's request.

4 The court has reviewed all relevant documents, declarations,
5 and exhibits. The court has also reviewed and takes judicial
6 notice of the docket. See Fed. R. Evid. 201(c)(1).

7 The motion is appropriate for disposition without oral
8 argument which will not assist in the decision-making process.
9 See Local Bankr. R. 1001-1(f), 9014-1(h). The continued hearing
10 on January 25, 2022, will be vacated. Findings of fact and
11 conclusions of law are set forth below. See Fed. R. Civ. P.
12 52(a); Fed. R. Bankr. P. 7052, 9014(c).

13
14 **Prefatory Comment**

15 The Debtor moves for authorization under 11 U.S.C. § 363 to
16 retain and collectively compensate at \$50,000.00 per month
17 several entities that provided the Debtor with policy and
18 legislative-related advice, advocacy, guidance, communication,
19 monitoring, research, consulting, and lobbying services in the
20 years and months before this bankruptcy case was filed. The
21 court will refer to the entities as "Consultants" because, as
22 discussed below, that is what the evidence overwhelmingly
23 establishes the entities are.

24 NPC's initial opposition questions whether the Debtor may
25 retain and compensate the Consultants under § 363. The initial
26 opposition strongly suggests that the Consultants are
27 "professional persons" who must be employed under 11 U.S.C. §
28 327(a) and compensated under 11 U.S.C. § 330. It also requests

1 that the court “either deny the Motion in its entirety or set a
2 briefing schedule[.]” Docket 106 at 4:16-17. And it essentially
3 requests injunctive relief insofar as it asks the court to “order
4 the Debtor to stop paying the consultants who are the subject of
5 the Motion pending the Court’s ruling on the Motion[.]” Id. at
6 4:13-14.

7 NPC has apparently decided to retreat from its initial
8 opposition. Although NPC asks the court to reduce the
9 Consultants’ collective monthly compensation by \$10,000.00, as
10 does the United States trustee, it now states in its supplemental
11 response that it will defer to the court and the United States
12 trustee on the issue of whether the Consultants are “professional
13 persons” under § 327(a) of the Bankruptcy Code.¹ NPC also states
14 that it reserves the right to revisit the Consultants’
15 compensation, which it characterizes as discretionary spending,
16 in the context of plan confirmation.

17 18 **Background**

19 NPC consists of “three nonprofit environmental and social
20 justice organizations[.]” Youth for Environmental Justice v.
21 City of Los Angeles, 2019 WL 642452 at *1 (Cal. App. 2d Div.,
22 Feb. 15, 2019). NPC’s mission and its message differ
23 dramatically from the Debtor’s core mission and message. NPC and
24 the Debtor are also litigation adversaries.

25 The Debtor is a California corporation incorporated pursuant
26 to Internal Revenue Code § 501(c)(6). The Debtor filed this

27
28 ¹The United States trustee takes no position on the issue.

1 subchapter v chapter 11 case on September 5, 2021. The Debtor
2 continues to operate and manage its affairs as a debtor in
3 possession under 11 U.S.C. § 1184.

4 The Debtor's mission, and its core business purpose, is to
5 promote greater understanding and awareness of the unique nature
6 of California's independent oil and natural gas producers and the
7 marketplace in which they operate including the economic
8 contributions made by California independents to local, state,
9 and national economies, to otherwise foster the efficient
10 utilization of California's petroleum resources, and to promote a
11 balanced approach to resource development and environmental
12 protection in order to improve business conditions for the
13 Debtor's members. The Debtor generates revenue by performing its
14 core mission. As a matter of internal operations, the Debtor has
15 determined that the postpetition retention of the Consultants is
16 critical to its ability to continue to perform its core mission.

17 Retention of the Consultants also benefits creditors. In
18 the two years before the Debtor filed its chapter 11 petition it
19 reduced its workforce from eight staff members to four. This
20 resulted in a reduction in payroll costs from \$1,658,000.00 for
21 fiscal year 2019 to approximately \$1,052,000.00 expected in 2021.
22 The Debtor has used the Consultants to fill the gap resulting
23 from the workforce reduction. In that regard, the Consultants
24 provide services that are otherwise performed by employees
25 without the need for the Debtor to incur insurance, travel,
26 overhead, and other auxiliary costs associated with additional
27 employees. Use of the Consultants in this capacity has resulted
28 in a cost-effective alternative to hiring additional employees.

1 The Debtor has identified eight Consultants.² Each
2 Consultant has submitted a declaration that describes in detail
3 its pre- and postpetition services, and which further confirms
4 that the services provided are no different than services that an
5 employee of the Debtor would perform. The Consultants and their
6 respective services are as follows:

7 (1) Geosyntech Consultants, Inc. [Docket #120]

8 • Biweekly Member Meetings: Prepare for and attend
9 biweekly meetings with the Firm, Catalyst Environmental
10 Solutions (Catalyst), and CIPA members. Preparation for
11 biweekly meetings consists of updating graphics,
12 processing data received from data requests, and
13 updating meeting agendas. Meetings have generally been
14 15 to 30 minutes in duration. Post-meeting activities
15 typically have consisted of reviewing and editing
16 meeting minutes and addressing CIPA members' questions
17 and comments and responding to members' emails.

18 • Communication with Stakeholders: Provide support
19 through communication as needed to CIPA, its members,
20 and stakeholders. Although the Firm provides general
21 communications, the Firm also will engage in meetings
22 with individual CIPA members to discuss data needs
23 (separate from biweekly meetings and data request
24 memoranda). The Firm also will participate in internal
25 meetings regarding California Environmental Quality Act
26 on behalf of CIPA members, as well as engage in ongoing
27 communication with Catalyst.

28 • Data Processing and Graphics: Review, processing and
verify data received from CIPA members to fill gaps and
to refine the current geodatabase such that a strong
case for a BPA in the area of interest will be
presented. Update the geodatabase and update graphics
as data is processed.

• Basin Plan Amendment Work Plan: Prepare a BPAW. A
draft BPAW will be submitted for review to CIPA

²The Debtor originally included Alcantar Law Group.
Alcantar did not submit a declaration and it is not one of the
entities the Debtor seeks to retain under § 363. In fact, the
Debtor acknowledges that Alcantar may be a "professional person"
under § 327, Docket 83 at 4:7-10, and agreed to file a retention
application for that entity, Docket 109 at 3:21-23, which it did
on December 23, 2021. Dockets 149, 154, 159, & 161.

1 members. The Firm will incorporate comments and
2 suggestions from CIPA members into the final BPAW prior
to submittal to CV-SALTS and the RWQCB.

3 • Regulatory Meetings: Participate in approximately
4 four regulatory meetings: two regulatory meetings with
CV-SALTS and two regulatory meetings with the RWQCB.

5 (2) Tradesman Advisors, Inc. [Docket #121]

6 • Engage agency staff, management and/or other
7 policymakers on an ongoing basis;

8 • Work on the outstanding issues associated with: (i)
ARB's Cap and Trade Rulemaking, (ii) ARB's Oil/Gas
9 Methane Rule, (iii) ARB's Short-Lived Climate
Pollutants Plan, and (iv) ARB's 2030 Target Scoping
Plan;

10 • Coordinate agency meetings as needed;

11 • Attend necessary public workshops on behalf of CIPA;

12 • Prepare/edit formal comment letters for CIPA's review
13 and submission;

14 • Assist CIPA in creating and providing technical
support materials;

15 • Identify and engage key state elected officials and
16 staff, as appropriate;

17 • Work With other trade groups and associations as
18 directed to solve problems in the most efficient
manner; and

19 • Engage lead agencies during regulatory adoption
20 proceedings.

21 (3) Catalyst Environmental Solutions Corporation.
22 [Docket #122]

23 • Monitoring and consulting on permitting at California
Geologic Energy Management Division ("CalGEM") and the
State Water Resource Board.

24 • Providing objective analysis on proposed regulations
and other agency rule changes.

25 • Coordinate industry input on water quality
26 regulations.

27 • Conduct research and studies on industry related
28 issues.

1 (4) Gualco Group, Inc. [Docket #123]

2 • Provide CIPA with advocacy, intelligence gathering,
3 analyses, advice and counsel relative to the escalating
4 plethora of oil extraction and wastewater disposal
5 issues pending before the State Water Resources Control
6 Board, the Department of Conservation, specifically,
7 the Division of Oil, Gas & Geothermal Resources
8 ("DOGGR") and key regional water quality control
9 boards.

10 • Attention will be paid to the implementation of SB 4
11 (Pavley, Ch. 313, Statutes of 2013) with specific focus
12 on groundwater protection and related issues such as
13 aquifer exemptions.

14 • Assist in the identification of funding opportunities
15 available as a result of the passage of Proposition 1,
16 commonly referred to as the water bond.

17 • Keep CIPA alerted to significant developments,
18 including items identified in the Legislature, the
19 Executive Branch and agencies that could either help or
20 hinder our mutual efforts at the SWRCB, DOGGR, the
21 regional water boards, DWR, and other relevant
22 agencies.

23 • Analyze the current status and impact of CV-SALTS.

24 • Researching recent relevant State Water Board
25 documents.

26 • Monitoring a Central Valley Water Board meeting on
27 Thursday and conduct a virtual briefing for CIPA
28 members.

1 (5) Kester/Pahos [Docket #124]

2 • Monitoring: Review all proposed legislation,
3 amendments and identify language of potential interest
4 to CIPA. Send copies of proposed legislation and
5 amendment language to CIPA. Provide a description of
6 legislative proposals and amendments and advise CIPA.
7 Maintain a database legislative tracking system, and
8 prepare reports on a regular basis or as requested by
9 CIPA.

10 • Advocacy: Perform all necessary advocacy services,
11 including legislative advocacy, agency advocacy,
12 negotiations with all relevant parties, testimony in
13 all necessary legislative proceedings, and general
14 advocacy for CIPA's interests (CMTA, WSPA, CCC, etc.).
15 Prepare suggested legislative language for submission
16 to Legislative Counsel and draft proposed amendments
17 for distribution to other parties for purposes of

1 conducting negotiations.

2 • Communication: Regularly communicate with CIPA staff,
3 or other individuals requested by CIPA. Mr. Pahos will
4 be available and willing to communicate with CIPA Staff
5 on a regular basis and provide written reports as
6 requested. Mr. Pahos will be reasonably available to
7 attend meetings held by the CIPA Government Affairs
8 Committees and special functions as requested,
9 including, but not limited to, PAC drives, APA events,
10 CIPA's annual meeting, workshops and board meetings.
11 Mr. Pahos will make reasonable appearances before the
12 CIPA membership to communicate relevant issues and help
13 the Academy bring aboard new members.

14 • Ancillary Services: Provide a professional
15 environment in Sacramento to conduct meetings on behalf
16 of CIPA. Ensure that CIPA is in compliance with all
17 Fair Political Practice Act disclosures.

18 (6) Rosencoco Holdings [Docket #125]

19 • Kern County EIR/Oil & Gas Permitting - represent CIPA
20 on committee(s) to ensure that its members' interests
21 and concerns are addressed. Provide written reports to
22 keep CIPA staff and members abreast of issues that have
23 potential operational and/or fiscal impact on members.

24 • USGS Water Quality Studies - stay abreast of
25 reporting that is put forth by the USGS in their
26 ongoing groundwater sampling program and convey status
27 of program to CIPA members. Establish a working
28 relationship with key USGS personnel, determine USGS
calendar and plans for the USGS next steps. Establish
uniform policy for CIPA members on presenting a
consistent response to USGS requests.

• Regulatory Relief with CalGEM - During these unusual
times of a worldwide pandemic work with CalGEM
management to ensure that CIPA members are able to stay
in CalGEM compliance without undo health and safety
risk to their employees and contractors. During times
of economic downturn work with CalGEM to establish
protocol that will minimize economic hardship on CIPA
members while maintaining environmental and safety
compliance per CalGEM regulations.

• OSPR-work with CIPA [] in developing cost-effective
training programs that will comply with statutory
changes resulting from AB 1197, CDFW OSPR regulations.
Training will result in certification of spill
management teams, uniform drill training/scenarios and
establishment of OSRO resources for members.

• As requested by CIPA, attend public meetings and

1 provide public comments on issues as directed by CIPA
2 management and staff; public comments to be delivered
3 will be prepared in advance of meetings and approved by
4 CIPA prior to presentation.

5 • Prepare position papers and/or comments on specific
6 issues for release by CIPA when requested to do so.

7 • Prepare status reports as directed and present to
8 CIPA membership (at Board meetings) as requested.

9 (7) Cornerstone Engineering, Inc. [Docket #126]

10 • Provide a dedicated lead person to track the
11 government actions on the items listed below, convene
12 CIPA members interested in the topic, and help coalesce
13 an association position. Deliverables to CIPA in this
14 role are comment letters, meeting notes, and sometimes
15 meetings or public comments before governmental
16 agencies or decision-making bodies.

17 • Issues of special concern to CIPA members that
18 Cornerstone will track and assist include, without
19 limitation:

20 (1) LA County Sustainability Plan-CIPA's January 2021
21 comment letter faced head-on the County's stated goals
22 of fossil fuel elimination, fence-line monitoring, and
23 setbacks. Cornerstone will pick up tracking and
24 engaging in the process to ensure that the adopted plan
25 doesn't unduly disadvantage our industry nor the
26 County's citizens.

27 (2) Non-Conformity/Amortization-CIPA members face a
28 relatively new tactic from local jurisdictions of
shutting in oil production in the name of
nonconformity/amortization. Culver City, City of Los
Angeles, and County of Los Angeles are using these
tools to shut down production. Cornerstone will
coordinate members to engage and respond to maneuvers
by local agencies associated with
"takings-by-amortization".

(3) Zoning Memo 133-In September 2016, Los Angeles City
Zoning Administrator issued "Memo 133" essentially
inserting themselves into oil well permitting through
the "Plan Approval" process and re-writing CEQA to take
otherwise legal avenues for determination off the table
for oil & gas. City representatives are evidently open
to CIPA member input on what activities trigger the
zoning memo and how it is implemented. Cornerstone
will provide structure to members' dialogue in this
regard and keep conversations open with the City.

(4) LA Fire Idle Well Regs-The City of Los Angeles

1 attempts to trump CalGEM's definition of "idle wells"
2 and in doing so, has overly-burdensome idle well
3 regulations that conflict with the state's regulations.
4 Cornerstone will organize members to work with the City
5 to avoid preemption while responding to the spirit of
6 the City's idle well expectations.

7 (5) Cyclic Steam—It has been a year since CalGEM issued
8 NTO 2020-02 placing a moratorium on approval of new
9 cyclic steam operations. Cornerstone will engage with
10 the state on where things stand, open issues of
11 concern, and organize member producers to address
12 issues with the aim of releasing the cyclic steam
13 moratorium.

14 (8) Independent Oil Producers' Alliance [Docket #127]

15 Services include, but are not limited to, monitoring
16 regulations and activities pertaining to the oil and
17 gas industry by the Central Valley Air Pollution
18 Control Board and the Central Valley Regional Water
19 Board.

20 None of the Consultants are prepetition creditors or an
21 insider of the Debtor. And none of the Consultants hold any
22 position on the Debtor's board or executive committee.

23 **Discussion**

24 *The Consultants are not "Professional Persons" Under § 327(a).*

25 The Consultants are not "professional persons" under §
26 327(a).³ Although there is limited Ninth Circuit authority on
27 the issue, In re East Coast Foods, Inc., 2019 WL 6893015 at *6
28

29 ³Section 327(a) states as follows:

30 (a) Except as otherwise provided in this section, the
31 trustee, with the court's approval, may employ one or
32 more attorneys, accountants, appraisers, auctioneers,
33 or other professional persons, that do not hold or
34 represent an interest adverse to the estate, and that
35 are disinterested persons, to represent or assist the
36 trustee in carrying out the trustee's duties under this
37 title.

38 11 U.S.C. § 327(a).

1 (C.D. Cal. Dec. 8, 2019), the Ninth Circuit Bankruptcy Appellate
2 Panel has opined that:

3 Not every person employed by a trustee is a
4 'professional person' within the meaning of §
5 327. A 'professional person' is one who
6 takes a central role in the administration of
7 the bankruptcy estate and in the bankruptcy
8 proceedings. Individuals or entities that
9 perform mechanical, nondiscretionary tasks
10 are not 'professional persons' within the
11 meaning of § 327.

12 Blair v. Stratton (In re Blair), 329 B.R. 358, 2005 WL 2009303 at
13 *4 (9th Cir. BAP June 20, 2005) (internal quotations and
14 citations omitted). Other courts consider a number of factors
15 when determining whether an entity or an individual is a
16 "professional person" under § 327(a).

17 In In re Nine West Holdings, Inc., 588 B.R. 678 (Bankr.
18 S.D.N.Y. 2018), the bankruptcy court authorized the debtor's
19 postpetition retention and compensation of prepetition
20 consultants under § 363 and in so doing rejected the United
21 States trustee's argument that the consultants were professionals
22 under § 327(a). In reaching its decision, the court noted that
23 the debtor retained the consultants years before it filed
24 bankruptcy. It also noted that the consultants' services did not
25 involve substantive decision-making, were largely administrative,
26 were limited to day-to-day operations that supplanted in-house
27 functions, and were required without regard to the debtor's
28 bankruptcy filing.

29 The court in In re Heritage Home Group LLC, et al., 2018 WL
30 4684802 (Bankr. D. Del. Sept. 27, 2018), reached a similar result
31 holding that the debtor's liquidation consultant was not a
32 "professional person" under § 327(a). Central to the decision

1 was that the consultant's role was advisory. The consultant also
2 was not intimately involved in the bankruptcy case, had no role
3 in the preparation or negotiation of a reorganization plan, had
4 no discretion with regard to the debtor's business decisions, and
5 its role was limited to making recommendations to the debtor.

6 Several days later, a different bankruptcy judge in the same
7 district reached the same conclusion in a different case. In re
8 Brookstone Holdings Corp., 592 B.R. 27 (Bankr. D. Del. 2018), the
9 court held that the debtor's prepetition consultant was not a
10 "professional person" and therefore could be retained under § 363
11 without regard to § 327(a). The court again noted that the
12 consultant's role was advisory, the debtor remained in complete
13 control over all aspects of the business, and the consultant was
14 not involved in negotiating the terms of a reorganization plan.

15 In reaching their respective decisions, the courts in
16 Heritage Home and Brookstone relied on a number of non-exclusive
17 factors. These factors (paraphrased) are as follows:

- 18 1. whether the entity or individual controls,
19 manages, administers, invests, purchases, or sells
20 assets that are significant to the debtor's
reorganization;
- 21 2. whether the entity or individual is involved in
negotiating the terms of a plan of reorganization;
- 22 3. whether the entity or individual is directly
23 related to the type of work carried out by the debtor
or to the routine maintenance of the debtor's business
24 operations;
- 25 4. whether the entity or individual is given
26 discretion or autonomy to exercise professional
judgment in some part of the administration of the
debtor's estate;
- 27 5. the extent of the entity's or individual's involvement
28 in the administration of the debtor's estate; and

1 6. whether the entity's or individual's services
2 involve some degree of special knowledge or skill, such
3 that the employee can be considered a 'professional'
4 within the ordinary meaning.

5 Brookstone, 592 B.R. at 34-35.

6 These factors are persuasive and instructive. The court
7 will therefore rely on them here.

8 The Consultants do not-and are not retained to-administer,
9 invest, purchase, or sell the Debtor's assets. In fact, there is
10 no evidence that the Consultants have anything to do with the
11 Debtor's assets.

12 There is no evidence that the Consultants are or will be
13 involved in the negotiation of plan terms.

14 Inasmuch as the Consultants' services are critical to the
15 Debtor's ability to perform its core mission and they correlate
16 with internal tasks that an employee would otherwise perform but
17 for the Debtor's workforce reduction, the Consultants' services
18 relate directly to the type of work carried out by the Debtor.
19 Moreover, that the Consultants were retained to provide these
20 services well before this bankruptcy case was filed further
21 demonstrates that the Debtor did not retain the Consultants for
22 the purpose of administering this chapter 11 case and that the
23 Consultants were retained instead for fundamental business
24 purposes unrelated to this case.

25 The Consultants lack discretion and autonomy to exercise
26 professional judgment in the administration of the estate and the
27 Debtor's affairs. As an initial matter, there is no evidence
28 that the Consultants are or will be involved in any aspect of
29 this bankruptcy case or estate administration. Inasmuch as the

1 Consultants interact only with the Debtor, to the extent they are
2 involved in this case their involvement is tangential and not
3 central.⁴ See In re That's Entm't Mktg. Grp., Inc., 168 B.R.
4 226, 230 (N.D. Cal. 1994).

5 The Consultants also lack discretion and autonomy to
6 exercise their professional judgment with regard to the Debtor's
7 affairs. They serve in an advisory capacity. They also monitor
8 events, collect and research information, meet with the Debtor
9 and its members, and make recommendations to the Debtor and its
10 members based on the foregoing. To the extent any of the
11 Consultants lobby for the Debtor or have contact with boards or
12 elected officials on the Debtor's behalf, they do so subject to
13 the Debtor's direction and control. In other words, the Debtor
14 retains control of any message the Consultants convey to the
15 outside world for or on the Debtor's behalf.

16 The only factor that possibly weighs in favor of
17 characterizing the Consultants as § 327(a) "professional persons"
18 is the sixth factor. But even that is weak, and the factor is
19 not controlling in the overall analysis. Moreover, the court in
20 Brookstone found this factor "entirely unhelpful" because
21 "literally all business and service activities require
22 _____

23 ⁴The court notes that the Consultants' interaction with the
24 Debtor in this case is significantly less than the interaction
25 between the consultants and the respective debtors in Nine West
26 and Brookstone. The consultants in the former served as the
27 debtor's CEO and in the latter the consultant served as the sole
28 entity that disposed of and monetized the debtor's inventory.
The point here is that in Nine West and Brookstone interaction
between the consultants and the debtors was constant and ongoing
whereas in this case interaction between the Consultants and the
Debtor is sporadic and "as-needed."

1 'specialized knowledge or skill' on the part of the service
2 provider." Brookstone, 592 B.R. at 37. This court agrees.
3 Additionally, the court must consider this factor in the context
4 of the BAP's statement in Blair that a professional plays a
5 "central" role in the administration of the bankruptcy estate and
6 proceedings. And as noted above, the other factors
7 overwhelmingly establish this is not the case here.

8 Based on the foregoing, the court concludes that the
9 Consultants are not "professional persons" which means that the
10 Debtor may retain and compensate the Consultants in the ordinary
11 course of its business under § 363(c) and without regard to §§
12 327(a) and 330. Alternatively, to the extent that authorization
13 to retain and compensate the Consultants is necessary under §
14 363(b), the court grants such authorization.

15 The Debtor is also authorized to collectively compensate the
16 Consultants no more than \$50,000.00 monthly. Any unused portion
17 in a particular one-month period may be rolled over to the
18 following month for future compensation. But in no event shall
19 the Consultants' collective compensation for a particular one-
20 month period exceed \$50,000.00. Because the evidence before the
21 court supports the conclusion that the Debtor uses the
22 Consultants to perform its core mission and that the Debtor
23 generates revenue by performing its core mission, the court views
24 the Consultants' compensation as critical to the reorganization
25 process and not discretionary spending as NPC suggests.

26 In the interests of transparency and disclosure, the
27 following protocols will also apply to any future consultant the
28 Debtor may elect to retain and compensate: (1) any newly-

1 retained consultant shall file a verified statement or
2 declaration similar to the declarations the Consultants filed in
3 support of the Debtor's motion; (2) parties in interest will have
4 an opportunity to object to a future proposed consultant's
5 retention within fourteen (14) days after a verified statement or
6 declaration is filed; and (3) the Debtor shall itemize payments
7 to each Consultant on its monthly operating reports.

8 *Retention and Compensation of the Consultants is a Valid Business*
9 *Judgment and in the Best Interest of Creditors.*

10 Retention and compensation of the Consultants under § 363 is
11 a valid exercise by the Debtor of its business judgment and in
12 the best interest of creditors for at least two reasons. First,
13 the Consultants are critical to the Debtor's ability to perform
14 its core mission which is critical to the Debtor's ability to
15 generate the revenue it will need to fund a chapter 11 plan and
16 pay creditors. Second, the Debtor's use of the Consultants in
17 the capacity of as-needed employees reduces operational costs
18 which increases funds available to the Debtor to pay creditors
19 under a chapter 11 plan. The Debtor's business judgment on these
20 matters is entitled to substantial deference. Simantob v. Claims
21 Prosecutor, LLC (In re Lahijani), 325 B.R. 282, 289 (9th Cir. BAP
22 2005).

23 One final note. It is entirely inappropriate for NPC - as
24 unsecured creditors and apparently the Debtor's philosophical,
25 political, and litigation nemeses - to use these bankruptcy
26 proceedings to undermine the Debtor's business judgment on
27 matters that pertain to the Debtor's internal operations. In
28 that regard, NPC's decision to retreat from its initial

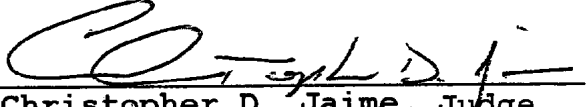
1 opposition is a wise one. Recall that at the inception of this
2 case NPC vehemently asserted that it expects full payment of its
3 state court judgment against the Debtor. See Docket 37 at 3:4-6,
4 6:1-2. Having made that assertion it would be bad faith and an
5 improper use of these bankruptcy proceedings for NPC to then take
6 a position that effectively deprives the Debtor of critical
7 resources the Debtor needs to perform its core mission, generate
8 revenue, and pay the judgment that NPC asserts the Debtor must
9 pay in full. However, given NPC's supplemental response, the
10 court need not reach this issue.

11
12 **Conclusion**

13 For the foregoing reasons, and other good cause appearing,
14 the motion will be granted to the extent stated hereinabove and
15 the continued hearing on January 25, 2022, at 9:30 a.m. will be
16 vacated.

17 A separate order will issue.

18
19 **Dated:** January 18, 2022

20
21 
22 Christopher D. Jaime, Judge
23 United States Bankruptcy Court
24
25
26
27
28

**INSTRUCTIONS TO CLERK OF COURT
SERVICE LIST**

The Clerk of Court is instructed to send the attached document, via the BNC, to the following parties:

Ian S. Landsberg
1880 Century Park East Suite 300
Los Angeles CA 90067

Carl L. Grumer
11355 W Olympic Blvd
Los Angeles CA 90064

Lisa A. Holder
3710 Earnhardt Dr
Bakersfield CA 93306

Paul J. Pascuzzi
500 Capitol Mall, Suite 2250
Sacramento CA 95814

Adam B. Wolf
4 Embarcadero Center, Suite 1400
San Francisco CA 94111

Jason M. Blumberg
501 I St #7-500
Sacramento CA 95814